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E.O.116521 XGDS-3 TAGS: PFOR; CH, US SUBJECT: SEN. SCOTT MEETING WITH VICE PRENIER CHANG CHUN-CHIAO

1. SUMMARY. SENATOR SCOTT'S PERSISTENCE IN PRESSING CHINESE ON TAIHAN ISSUE, AND VICE PREKIER CHANG CHUN-CHIAD'S APPARENT MISCONSTRUAL GET A REMARK BY THE SENATOR, PRODUCED A RETURT BY CHANG THAT THE FLA MOULD

CUT THE STAIRAN MODSES OFF THE NECK OF THE U.S. IF THE U.S. DICK!T TAKE

IT OFF. CHANG ALSO VOLUNTEERED COMMENT ON RECENT PRO MILITARY EXERCISES IN FUKIEN, END SUMMARY.

2. THE TAINAN ISSUE WAS THE FOCAL POINT OF A TWO HOUR DISCUSSION HELO THIS AFTERNOON (JULY 13) AT THE GREAT HALL OF THE PEOPLE BY SENATUR SCOTT AND VICE PREMIER CHANG CHUN-CYIAO, OBVIOUSLY PRIMED IN AUVANCE (THE SUBJECT HAD BEEN DISCUSSED AT LENGTH IN YESTERDAYIS MEETING BETMEEN SENATOR SCOTT AND FOREIGN MINISTER CHIAO), CHANG EMPLOYED TOUGH AND UNCOMPROMISING LANGUAGE TO DRIVE HOME HIS CENTRAL POINT: THE CHINESE ARMY IS PREPARED TO SOLVE THE TAIMAN OUESTION SY FORCE.

D. CHANG DEVELOPED THE FOLLOWING ARGUMENT:
--CHINA CAPNOT CORSIDER ITSELF UNIFIED UNTIL TAIWAN IS "LIBERATED."
--CHINA IS CURENTLY MAKING PREPARATIONS, NOTING THIS, CHANG SAID TO SCOTT: "THIS IS NO MILITARY SECRET. THE SENATOR SUPELY KNOWS THAT IN RECENT DAYS IN FUKIEN HE HAVE CONDUCTED SMALL-SCALE MILITARY BECRET

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EXERCISES. TAINAN IS VERY NERVOUS."

""THE "LIBERATION" OF TAIRAN IS CHINA'S DOMESTIC AFFAIR IN WHICH OTHER COUNTRIES HAVE NO RIGHT TO INTERFERE.

""CHINA'S HISTORICAL EXPERIENCE HAD TAUGHT IT THAT ""PEACEFUL LIBERATION" IS AN IMPOSSIBILITY AND THAT IT WAS "MORE RELIABLE" TO SETTLE SUCH QUESTIONS AS TAIMAN "THROUGH HARFARE."

4. MUCH -- BUT NOT ALL -- OF CHANG'S SHARPNESS APPARENTLY
STEMPED FROM SCOTT'S EXPRESSED VIEW THAT "ME WILL ALL TAKE
GREAT SATISFACTION IN AN ULTIMATE PEACEFUL SOLUTION."
CHANG ASKED SCOTT WHETHER "ULTIMATE PEACEFUL SOLUTION" REFERRED
TO US-CHINA RELATIONS OR TO "RELATIONS BETWEEN CHINA AND THE
CHIANG CHING-KUO REGIME IN TAIHAN." SCOTT'S REPLY "I SPOKE OF THE US
AND CHINA" WAS TAKEN BY CHANG AS A THREAT! CHANG STATED "I DON'T UNDE

STAND, OD YOU THINK CHINA AND THE US SHOULD FIGHT A HAR OVER TAINAN? TAINAN IS TOTALLY A COMESTIC ISSUE.

5. WHEN SCOTT PICKED UP THE ISSUE THAT CHANG HAD ATTEMPTED TO DROP -- STATING THAT THERE WAS NO NEED TO ARGUE, GIVEN THE CLARITY OF THE RESPECTIVE POSITIONS -- CHANG RETORTED! "WE ARE VERY CLEAR ON TAIWAN. SINCE THE ISSUE OF TAIWAN HAS ARISEN, THIS IS A MOUSE AROUND THE NECK OF THE US. IT IS IN THE INTERESTS OF THE AMERICAN PEOPLE TO TAKE IT OFF. IF YOU DON'T, THE PLA WILL CUT IT OFF. THIS WILL BE GOOD BOTH FOR THE AMERICAN AND CHINESE PEOPLES...WE ARE GENEROUS...WE ARE READY TO HELP THE US SCLVE THE PHOBLEM BY OUR BAYONETS -- PERHAPS THAT COESUIT SOUND PLEASANT BUT THAT IS THE WAY IT IS. "ASKED BY SCOTT WHAT HE MEANT, CHANG SHOT BACK! "TO OVERTHROW THE CHIANG CLIOUE."

6. ELSEWHERE CHANG REAFFIRMED -- AS CHIAO HAD YESTERDAY -- THE CHINESE INSISTENCE THAT THE JAPANESE FORMULA AND ITS THREE TENETS SERVE AS THE EASIS FOR US-PRC NORMALIZATION.

7. THE CUTTING NATURE OF THIS EXCHANGE CARRIED OVER INTO SUBSEQUENT DISCUSSION OF THIRD COUNTRY ISSUES. AFTER CHANG LED OFF BY UBSERVING THAT "IN THE INTERNATIONAL ARENA BOTH SIDES HAVE MANY POINTS IN COMMON," HE ACIDULOUSLY REMARKED:
--"YOU DIDN'T HANDLE ANGOLA VERY BEAUTIFULLY."

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FEED IT YOUR GRAIN." WHEN SCOTT RETORTED THAT SALE OF FOOD IS NOT AN INSTRUMENT OF FOREIGN POLICY, CHANG SAID THAT THE FOUR FUR FLACE PROGRAM WAS JUST SUCH AN INSTRUMENT CHANG DISPARAGED US SALE OF GRAIN TO CHINA, SAYING THAT EYEN MAJOR US SALES WOULD MONLY OF PUT A FEW GRAINS IN EACH HICE GUNL OF CHINA'S BEG MILLIONS."

B. FULL TEXT AND FURTHER COMMENT WILL FOLLOW BY DEPTELS.

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